



PRESS RELEASE

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IRS – Criminal Investigation

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Two Brothers Admit Filing Fraudulent Tax Returns Seeking Refunds of Over \$218 Million

Criminals Received \$16 Million in Refunds After Filing Bogus Tax Returns

Two brothers pleaded guilty today in the District of Maryland in a scheme in which they filed approximately 37 fraudulent tax returns seeking refunds of over \$218 million. The guilty plea was announced by Acting Assistant Attorney General Caroline D. Ciralo of the Justice Department's Tax Division, U.S. Attorney Rod J. Rosenstein for the District of Maryland and Special Agent in Charge Thomas Jankowski of the Internal Revenue Service - Criminal Investigation (IRS-CI), Washington, D.C. Field Office.

Sean Aude Gallman, 39, of Upper Marlboro, Maryland, and his brother Eric Maurice Gallman, 42, of Huntersville, North Carolina, pleaded guilty today to a conspiracy to commit mail and wire fraud, mail fraud and conspiracy to commit money laundering. Sean Gallman also pleaded guilty to aggravated identity theft and money laundering charges.

"With the 2016 tax filing season officially underway today, taxpayers can take comfort that the Department of Justice and IRS are aggressively pursuing those who seek to defraud the government through the filing of false tax returns," said Acting Assistant Attorney General Ciralo.

"These two criminals filed bogus tax returns claiming 'refunds' that were not owed, and stole over \$16 million from the IRS," said U.S. Attorney Rosenstein. "Federal agents and prosecutors have a duty to pursue perpetrators of such fraud schemes and try to recover money stolen from the U.S. Treasury."

According to evidence the government would have used at trial to prove the criminal conduct, Sean and Eric Gallman established trusts and business entities and used mailboxes at numerous private commercial postal carrier stores in Maryland and North Carolina as the addresses for the trusts and business entities. The defendants, acting as trustees and agents, mailed fraudulent tax returns to the IRS in the names of the trusts and businesses requesting refunds.

For example, in January 2013, Sean Gallman mailed to the IRS a fraudulent 2012 tax return in the name of the Gallman Charitable Trust, requesting a refund of \$8,218,930. Also around this time, the defendants mailed to the IRS a fraudulent 2012 tax return in the name of LEA Group Holdings Trust, requesting a refund of \$8,293,562. The defendants knew that the trusts were not entitled to the tax refunds. After receiving refund checks in these amounts, on Feb. 15 and March 11, 2013, the defendants deposited the two refunds in bank accounts they controlled. To hide their receipt of these refunds, the defendants used cashier's checks and other financial instruments to transfer a portion of the money to third parties and other bank accounts.

Altogether, the Gallman brothers filed a total of approximately 37 fraudulent tax returns seeking refunds totaling \$218,094,765, for which the IRS paid two refunds totaling \$16,512,492.

The government seeks the forfeiture of the two refunds paid by the IRS, including \$11,529,954 seized from numerous bank accounts; foreign currency and gold and silver coins, seized from a residence in Upper Marlboro; nine residential properties located in Upper Marlboro and Laurel, Maryland; North Carolina and South Carolina; and two Mercedes-Benz vehicles and a Hyundai vehicle.

The defendants face a statutory maximum sentence of 20 years in prison for conspiring to commit mail and wire fraud, conspiring to commit money laundering and mail fraud. Sean Gallman also faces a statutory maximum sentence of 20 years in prison for an additional count for mail fraud and for money laundering; and a mandatory two years in prison consecutive to any other sentence imposed for aggravated identity theft. U.S. District Judge Paul W. Grimm has scheduled sentencing for May 17, 2016 at 10:00 a.m.

Acting Assistant Attorney General Ciraolo, U.S. Attorney Rosenstein and Special Agent in Charge Jankowski thanked special agents of IRS-Criminal Investigation, who investigated the case and Assistant U.S. Attorney Thomas P. Windom of the District of Maryland and Trial Attorney Erin Pulice of the Tax Division, who are prosecuting the case.

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